

Message Text

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PAGE 01 CAIRO 00850 151331Z
ACTION SS-25

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-----151334Z 055946 /41
R 151245Z JAN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 655

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EXDIS

EO 11652: NA
TAGS: EINV, ETRD, EG
SUBJ: VISIT OF FORD MOTOR CO REPS

REF CAIRO 261,

1. FORD MOTOR COMPANY REPS E P WILLIAMS AND WAYNE FREDERICKS AND FORD EGYPT CHAIRMAN OUROUSSOFF MET JAN 15 WITH CHARGE AND COMMERCIAL ATTACHE TO DISCUSS NEW ROUND OF TALKS THEY ARE CURRENTLY UNDERTAKING WITH GOE OFFICIALS ON FORD INVESTMENT PROPOSAL.

2. FREDERICKS INDICATED HE FELT HIS DISCUSSION WITH FAHMY LAST FALL HAD HELPED CLARIFY QUESTION OF MAGNITUDE OF FORD EQUITY IN PROJECT.. PRECISE AMOUNT OF INVESTMENT BY COMPANY WOULD DEPEND, E.G., ON FINAL DEBT/EQUITY MIX AND ON ABILITY TO ATTRACT ARAB AND OTHER FINANCING. FAHMY ALSO REPORTEDLY UNDERSTOOD THAT EXTENT OF FORD COMMITMENT TO PROJECT WAS EXPRESSED CLEARLY IN ITS WILLINGNESS TO LEND ITS NAME TO THE ULTIMATE PRODUCT, PROVIDE TRAINING AND KNOW-HOW, AND ESPECIALLY TO DEPEND ON ENGINE PLANT'S PRODUCTION, FOR SUBSTANTIAL PART OF COMPANY'S WORLDWIDE REQUIREMENTS.

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3. FAHMY WAS ALSO UNDER MISAPPREHENSION AT PREVIOUS MEETING WITH FREDERICKS THAT GOE WAS BEING ASKED TO SEEK FINANCING FOR PROJECT. FREDERICKS HAD TOLD HIM THAT FORD WAS WILLING TO ACCEPT FULL RESPONSIBILITY FOR RAISING BOTH EQUITY AND DEBT CAPITAL, BUT NOTED THAT IN TALKING TO POTENTIAL INVESTORS, HE COULD NOT "GET OUT AHEAD" OF EGYPTIANS AND WOULD NEED BE ABLE TO SAY THAT PROJECT HAD GOE BACKING.

4. FORD HAS PREPARED ELABORATE NEW DOCUMENT, PRESENTING ALL ASPECTS OF THE PROPOSAL IN CONSIDERABLE DETAIL. COMPANY HAS DECIDED BEST STRUCTURE FOR PROJECT WOULD BE INLAND (RATHER THAN FREE ONE) OPERATION, SERVING DOMESTIC MARKET BUT EXPORTING OVER HALF OF TOTAL PRODUCTION. IN ORDER TO BE VIABLE, FORD REPS, SAID, VENTURE WOULD NEED BE ABLE TO "DEAL IN ALL CURRENCIES...WITHOUT ARTIFICIAL CONSTRAINTS." THIS NOT POSSIBLE CURRENTLY FOR LAW 43 COMPANIES PROPOSING TO OPERATE WITHIN EGYPT AND WILLIAMS AND FREDERICKS EXPRESSED GREAT INTEREST IN PROPOSED INVESTMENT LAW CHANGES. VIABILITY OF TRUCK ASSEMBLY PORTION OF PROJECT WOULD DEPEND ON INCREASE IN PRESENT CUSTOMS DUTIES ON BUILT-UP TRUCKS.

5. RE BOYCOTT ASPECTS OF MATTER, WILLIAMS NOTED SEVERAL SMALL BUT ENCOURAGING SIGNS OF RECENT GOE COOPERATIVENESS. OUROUSOFF, IN DEC, HAD BEEN ALLOWED, UNDER TERMS OF ONE OF SPECIFIC EXCEPTIONS TO BOYCOTT LAW IN EGYPT, TO BRING IN A FORD STATION WAGON AFTER MONTHS OF UNSUCCESSFUL EFFORT. GOE HAD ALSO RECENTLY PERMITTED TRANSFER OF BLOCKED FORD BANK DEPOSITS TO AN INTEREST-BEARING ACCOUNT.

6. CHARGE EXPRESSED EMBASSY'S STRONG AND CONTINUING INTEREST IN FORD PROJECT. HE NOTED THAT EMBASSY WAS PURSUING EFFORTS TO ARRANGE TIMING FOR APPOINTMENTS FOR FORD GROUP WITH PRIMIN AND FONMIN-BOTH OF WHOM HAD AGREED IN PRINCIPLE TO RECEIVE THEM.

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7. FORD REPS WILL BE CALLING AGAIN ONCHARGE AFTERNOON OF JAN 18, FOLLOWING SESSIONS WITH GOE OFFICIALS, TO REPORT RESULTS OF THEIR CONVERSATIONS.
MATTHEWS

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Message Attributes

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Decaption Date: 22 May 2009
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Disposition Approved on Date:
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Handling Restrictions:
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